GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5054
ANSWERED ON:26.04.2002
TAX EVASION BY COMPANIES
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the income tax and wealth tax carried out assessments for the assessment years 1994-95 to 1999-2000 of 97 selected companies having profit before tax of Rs.25 lakhs were audited and 326 observation raised with tax effect of Rs.654.42 crore;

(b) if so, the action taken by the Government on the audit reports and the amount of tax collected so far out of Rs.654.42 crore; and

(c) the modus operandi adopted in evading the tax by the said companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (GINGEE N. RAMACHANDRAN)

(a) The C & AG in their Report No.12A of 2002 (for the year endedMarch, 2001) laid down in Parliament on 15th March, 2002 have included the results of the Review on audit of assessments of Companies in select sectors, namely Cement, Automobiles and Textiles. The review focused on the income tax and wealth tax assessments of 97 selected companies (24 - cement, 35 - automobiles, 38 - textiles) in these sectors for the assessment years 1994-95 to 1999-2000 having profit before tax of Rs.25 lakh. 326 audit observations were raised having tax effect of Rs.654.42 crore.

(b) & (c) The Report of the C & AG is being examined in the CBDT and also in the field formations with a view to give parawise reply to C & AG and to determine the correctness or otherwise of aforesaid audit observations.